

Message Text

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63

ORIGIN SMI-01

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DRAFTED BY: SMI:KBSCHMERTZ

APPROVED BY: EUR/EE:CGROWN

SMI:DCCHALLINOR (DRAFT)

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EUR/EE:HGILMORE

SCI/BMP:MBEAUBIEN

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P 242139Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY BELGRADE PRIORITY

INFO AMCONSUL ZAGREB PRIORITY

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E.O. 11652: N/A

TAGS: OSCI, YO

SUBJ: SMITHSONIAN/SFCP SALE OF R/V PHYKOS

REF: BELGRADE'S 6341, MILLS-SCHMERTZ TELECON DECEMBER 20, 1974

1. SMITHSONIAN WOULD APPRECIATE TELEGRAMON DETAIL OF INKOBROD INTEREST PHYKOS FOLLOWING KALODJERA RETURN DECEMBER 23.

2. FYI SMITHSONIAN MUST DISPOSE PHYKOS IN A MANNER COVER COSTS- ALL COSTS-INCLUDING THOSE OF DISPOSING OF VESSEL. ANY APPARENT VARIATION BY SMI IN U.S. DOLS 45,000 OFFER, IS A CHANGE ONLY IN THE FORM OF PRESENTATION F OFFER BY SMI AND NOT ONE OF REAL SUBSTANCE. SMI ESTIMATES OUTSTANDING INKOBROD CHARGES ALONE THROUGH JANUARY 31, 1975 TO BE U.S. DOLS 40,850. (EMBASSY REQUESTED VERIFY.) U.S. DOLS 45,000 OFFER IS ESTIMATED TO COVER ALL EXISTING AND FUTURE RELATED DEBTS AND COSTS DISPOSAL MANY OF WHICH STILL NOT KNOWN LIKE YUGOSLAV SALES TAXES, LEGAL FEES, TRAVEL NAVAL ATTACHE AND OTHERS, ETC. ANY HELP EMBASSY CAN
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PROVIDE IN IDENTIFYING ALL SUCH LOCAL DISPOSAL COSTS GREATLY

APPRECIATED. SMI MUST RECOVER SUFFICIENT FUNDS FROM SALE TO COVER ALL DEBTS AND COSTS OF SALE INVOLVING PHYKOS. SMI NOT INTERESTED IN PROFIT BUT MUST-REPEAT MUST RECOVER ALL OUTSTANDING AND ANTICIPATED DEBTS INVOLVING PHYKOS AND ITS SALE. END FYI.

3. SMITHSONIAN REQUESTS EMBASSY (1) IMPRESS PFEUFFER THAT SMITHSONIAN MUST COVER ALL COSTS, AND (2) COUNTER-OFFER IF NECESSARY WITH FIGURE OF U.S. DOLS 42,500 NET TO SMITHSONIAN AFTER ALL COSTS DISPOSAL MET, INCLUDING SEA TRIAL, INSURANCE, COSTS OF COUNSEL, PERMIT FEES, SALES TAXES, AND THE LIKE.

4. WHETHER OR NOT SALE CONSUMATED SMI WILL NOT REPEAT NOT PARTICIPATE IN COSTS OF SEA TRIAL, INCLUDING INSURANCE, ETC.

5. INSURANCE COVERAGE REQUIRED IS U.S. DOLS 1,000,000 PROTECTION AND IDEMNITY INCLUDING U.S. DOLS 100,000 FOR PHYKOS HULL.

6. EMBASSY SHOULD INFORM PFEUFFER, INKOBROD, AND ANY OTHER INTERESTED PARTY THAT AFTER JANUARY 20, 1975, DATE WHEN DSA COMMENCES ENTERTAINING BIDS FOR PHYKOS, SMITHSONIAN PREFERS NOT TO ACCEPT INDIVIDUAL, NONCOMPETITIVE OFFERS FOR VESSEL UNTIL BIDS SUBMITTED TO DSA CAN BE REVIEWED. ALSO, AFTER BIDDING BEGINS, MINIMUM BID WHICH SMITHSONIAN COULD ACCEPT WOULD HAVE TO BE SUFFICIENTLY HIGH TO COVER DSA OVERHEAD CHARGE OF 20 PERCENT IN ADDITION TO ACCUMULATED CHARGES AGAINST THE VESSEL AND OTHER DISPOSAL COSTS TO THE SMITHSONIAN.

7. SMITHSONIAN WOULD ALSO PREFER HAVE ALL FINANCIAL ARRANGEMENTS FOR SEA TRIAL MADE BY INKOBROD, BUT RECOGNIZES FACILITATIVE EMBASSY ROLE COULD EASE DISPOSAL PROCESS. CONSEQUENTLY, EMBASSY REQUESTED ATTEMPT ARRANGE INSURANCE COVERAGE WITH SMI AS NAMED INSURED. SINCE USG SELF-INSURED, INSURANCE MUST BE OBTAINED FOR ACCOUNT OF PFEUFFER, INKOBROD, OR OTHERS, AND NOT FOR ACCOUNT OF SMI. FURTHERMORE, SMITHSONIAN NOT IN POSITION ADVANCE FUNDS SEA TRIAL OR ANY COST DISPOSAL AND THEREFORE REQUESTS EMBASSY ACT ONLY AFTER CONFIRMATION RECEIPT OF DEPOSIT OF LETTER OF CREDIT OR CERTIFIED CHECK BY U.S. CONSULATE GENERAL MUNICH OR OTHER USG DISBURSING OFFICER.

8. SMITHSONIAN REQUESTS EMBASSY CONTINUE EFFORTS PROVIDE UNCLASSIFIED

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PFEUFFER WITH COSTS OF INSURANCE AND SEA TRIALS AS WELL AS PROCEDURES FOR SECURING INSURANCE, ETC., SO THAT PFEUFFER CAN ISSUE APPROPRIATE AND TIMELY LETTER OF CREDIT.

9. TEXT SALES AGREEMENT WILL BE TRANSMITTED SHORTLY. MEAN-TIME, SMITHSONIAN WOULD APPRECIATE RECEIVING INFORMATION ON YUGOSLAV STANDARD DOCUMENTS, IF ANY, COVERING SALE LIKE R/V PHYKOS.

10. SMITHSONIAN PREPARED SEND COUNSEL BELGRADE IF ESSENTIAL
COMPLETE SALE DOCUMENTATION. KISSINGER

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